



## STATE OF IOWA

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DEPARTMENT OF EDUCATION  
JUDY A. JEFFREY, DIRECTOR

**DATE:** February 1, 2005

**TO:** Child and Adult Care Food Program (CACFP) Center Sponsors (CS)

**FROM:** Rod Bakken, CACFP Lead Consultant

**SUBJECTS:** Edit Checks, Review Cycle and Required Review Elements

On October 19, 2004, the Bureau of Nutrition Programs and School Transportation of the Iowa Department of Education or State Agency (SA) issued a memo (CS-2005-1) informing you about the 2<sup>nd</sup> Interim Rule published by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) entitled, "Child and Adult Care Food Program: Improving Management and Program Integrity" (69 FR 53501). Please refer to that memo for details about the rule. Since that memo was issued, the SA has finalized implementation procedures regarding three of the changes required by the 2<sup>nd</sup> Interim Rule. These changes impact your responsibilities regarding oversight of sponsored centers that participate on the Child and Adult Care Food Program (CACFP).

The purpose of this memo is to provide you with information needed to implement changes required by the 2<sup>nd</sup> Interim Rule. This memo supercedes a memo issued by our office in 1990 (CC-90-b) that described review requirements. *The word facility in this memo is interchangeable with the terms "sponsored center" or "site".*

**Part 1:**  
**Meal Claim Edit Checks**

**By October 1, 2005, CACFP sponsors must have monthly edit checks in place to ensure that:**

- Each facility has been approved on the site application to serve the meal types being claimed;
- The number of meals claimed does not exceed the number derived by multiplying approved meal types times days of operation times enrollment; and
- **Block claims are detected.**

The SA online claiming system has built-in edits that accomplish the first two edit checks. Error messages assist sponsors in determining errors in the claim. No further

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action is required by the sponsors to implement these requirements. However, **sponsors must review all claims from facilities they sponsor for “block claims.”**

**A “block claim” is a claim in which the number of meals claimed by a facility for one or more meal types is identical for 15 consecutive days within a claiming period.**

- Thus, for facilities that serve meals on weekdays only, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for three consecutive weeks (equals 15 days) within the same claiming period.
- For facilities that serve meals on weekdays and weekends, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for just over two weeks (equals 15 days) within the same claiming period.

The CNP 50 worksheet, that shows daily meal participation totals, may be used to help track and identify identical meal counts for each meal served in a claiming period.

The interim rule does not attach a “penalty” to the submission of a block claim. Rather, the term “block claim” describes a pattern of claiming that constitutes a “red flag” that may indicate the submission of a false claim. However, block claims can be the result of legitimate factors. As a step to investigate if the claim may be false, a block claim triggers an unannounced review of the facility.

**The sponsor must conduct the unannounced facility review within 60 days of receiving the claim.** Whenever possible the review should include an observation of the meal service that was “block claimed.” During a follow-up visit, the sponsor must check to see if there is correspondence between the enrollments, attendance and meal counts for the period in question. In addition, the number of children observed during the visit should be similar to the last five day’s meal counts and attendance, for the meal type in question, or a reasonable explanation should be given to account for discrepancies. Also check that meal counts are accurate and are taken at the point of service (at the time of meal service) on the day of the review. If it is determined that meals were claimed for children that were not in attendance or were not enrolled, those meals may not be included in the claim for reimbursement. If the claim has already been submitted for that site, the sponsor must submit a revised claim that excludes the unsubstantiated meals.

If a sponsor determines, during the conduct of the required unannounced follow-up review, that the claim is legitimate and that the facility may be submitting valid block claims on a regular basis, the sponsor must adequately document on the CACFP review report an explanation of why a block claim might occur in a particular facility during certain meal(s). The sponsor is not required to conduct another unannounced follow-up review for additional block claims detected during that fiscal year. However, any facility that submits a block claim during the year must receive at least three CACFP reviews from its sponsor during the year if they are submitting claims for at least nine months (see discussion of review “averaging” by sponsors, under *Review Cycle for Sponsored Facilities* discussed below).

If a sponsor of centers is preparing the claims for each of its sponsored centers (i.e., the sponsored center submits raw data to the sponsor, and the sponsor then develops the proper claim for each of its sponsored centers and submits it to the SA) we would expect the center sponsor to have a system for determining whether the sponsored center's raw data does or does not fit the "block claim" pattern. The CNP 50 worksheet would be a useful tool for this purpose. In addition, when the SA reviews a sponsor, we will pay particular attention to the center sponsor's management controls to ensure that it receives accurate information from its sponsored centers, and submits valid claims to the SA.

State Agency CACFP reviews of sponsors conducted in FY 2006 will evaluate the edit check systems that sponsors have in place, as of October 1, 2005.

## **Part 2:**

### **Review Cycle for Sponsored Facilities**

The interim rule permits sponsors, at their discretion, to "average" their reviews of facilities. The intent of this change is to permit sponsors to focus their review efforts on facilities that are more likely to commit errors (i.e., newer facilities and facilities with a history of operational problems). **Sponsors may elect to implement review averaging for the fiscal year beginning October 1, 2004.** The sponsor must inform the SA that they will utilize the "review averaging" option and describe the plans to implement the review averaging option. This can be done in the future at renewal time (July/August) as part of the management plan or by notifying the SA in writing [please complete the attached form if you plan to use review averaging during fiscal year 2005 (10/1/04-9/30/05)].

Sponsors selecting this option must conduct the same total number of annual reviews (three times the number of facilities they sponsor) as before, but may arrive at that number by reviewing some facilities twice a year, and other facilities more than three times per year. However, each facility must receive two unannounced reviews per year. As previously noted, the interim rule prohibits a facility from receiving less than three reviews per year if the facility has submitted a block claim or if a serious deficiency has been identified for the facility during the review year.

**These are the standard CACFP review requirements for all sponsored facilities:**

- **Each participating sponsored child care and adult care center, and sponsored outside-school-hours care center must be reviewed three times per year, unless the review averaging provision is used;**
- **Two of the three required reviews must be unannounced;**
- **One of the unannounced reviews must include the observation of a meal service;**
- **A new facility must be reviewed during its first four weeks of operation; and**

- **Not more than six months may elapse between reviews of a facility. However, when reviewing averaging is used, the sponsor's first review of a facility in the next fiscal review year must occur no more than nine months after the previous review.**

Averaging may work somewhat differently for each sponsor, depending on the nature of its concerns about any "problem-prone" centers. For example, in some cases, a sponsor might want to make four unannounced reviews of each problem-prone center during the year. In other cases, it might be more appropriate to make two unannounced and two announced reviews of each problem-prone center.

In addition to the requirements listed above, the following must be implemented, as applicable:

- Sites must receive a pre-approval visit from the sponsor before beginning CACFP participation and this review must be documented in writing. This review does not count as a regular review.
- Reviews must be conducted three times in each fiscal year for sites that submit twelve (12) monthly claims, if review averaging is not used.
- If the site submits 5-11 claims, two unannounced reviews are required, one during mealtime.
- If the site submits 1-4 claims, one unannounced mealtime review is required.
- Review averaging is not an option for centers that submit block claims; they must receive at least three reviews (when nine or more claims are submitted.)
- If a serious deficiency is identified during a review, the next review must be unannounced.

*Centers may receive announced or unannounced visits at any time from CACFP SA or other CACFP governmental officials. Proper ID must be available from any review official.*

### **Part 3:** **Review Elements for Sponsor Reviews of Facilities**

The October 19, 2004 memo from the SA described required elements for reviews of sponsored facilities and a recommended review form was provided. However, that form did not include review averaging, training or block claim information. **The revised recommended form to use when conducting reviews of sponsored sites is attached for your use.**

The recommended review form includes all required CACFP review elements, and provides instructions and questions related to review averaging, training and block claims. Please note that it also includes recommended review items related to health, safety, nutrition and other areas. While the requirement to review for block claims does not begin until October 1, 2005, you may begin before that date. When you begin

reviewing for block claims, please respond to the questions on the review form related to block claims.

**Required review elements are restated below.** As a part of each review, the sponsor must assess the facility's compliance with the CACFP regulatory requirements pertaining to:

- **Compliance with the Program meal pattern (components and serving sizes);**
- **Licensing or approval;**
- **Participation in, or attendance at, sponsor or other CACFP-related training;**
- **Meal counts;**
- **Menu and food production records;**
- **The new requirements pertaining to annually updated enrollment forms;**
- **Assess whether the facility has corrected problems noted on previous reviews; and**
- **Include a five-day reconciliation of meal counts with enrollment and attendance records.**

Any review forms developed by the sponsor must include these items. Although the review of health and safety are not required review elements, sponsors are reminded that the law and regulations nevertheless require sponsors conducting CACFP reviews in facilities to immediately notify the appropriate State or local licensing or health authorities and take action that is consistent with the recommendations and requirements of those authorities when they encounter practices or conditions that pose an imminent threat to participant's health or safety, or to public health or safety.

If you have questions pertaining to this memo, please contact Rod Bakken at (515) 281-4760 or Robin Searles at (515) 281-3484.

Attachments:

Attachment 1—Intent to Use Review Averaging (FY 2005)

Attachment 2—Recommended CACFP Sponsored Center Review Form (revised 1/05)